

### **REMARKS**

Reconsideration of the present application is respectfully requested in view of the following remarks. Prior to entry of this response, Claims 11-17 and 22 were presently under consideration in the application, of which Claim 11 is independent. Claims 1-10 and 21 were withdrawn. In the Office Action dated May 31, 2006, Claims 11-17 and 22 were rejected under 35 U.S.C. § 101 and under 35 U.S.C. § 103(a). Following this response, Claims 11, 13-14, 16, and 22-35 remain under consideration in this application, with new Claims 23-37 being added, and Claims 1-10, 12, 14-15, and 17-21 stand cancelled without prejudice or disclaimer. Applicants hereby address the Examiner's rejections in turn.

#### **I. Rejection of the Claims Under 35 U.S.C. § 101**

In the Office Action dated May 31, 2006, the Examiner rejected Claims 11-17 and 22 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Claim 11 has been amended to recite a storage device. Applicants respectfully submit that the amendment overcomes this rejection and adds no new matter.

#### **II. Rejection of the Claims Under 35 U.S.C. § 103(a)**

In the Office Action, the Examiner rejected Claims 11-17 and 22 under 35 U.S.C. § 103(a) as being unpatentable over what the Examiner considered to be the Applicants Admitted Prior Art ("AAPA"). Claim 11 has been amended. Claim 16 has been amended and rewritten in independent form. Applicants respectfully submit that the amendment overcomes this rejection and adds no new matter.

Amended Claim 11 is patentably distinguishable over the cited art for at least the reasons that it recites, for example “a second database containing tables defining allowable product substitutions for the plurality of product types” and “a table containing price and vintage records, the price and vintage table containing a representative price and a representative vintage for each of the plurality of product types, wherein the representative price and the representative vintage are statistically predetermined based on historical inventory records having outlier values for price and vintage removed”. Support for this amendment can be found in the specification at least on page 8, lines 2-4 and page 6, lines 27-29.

Consistent with embodiments of the invention, a substitution table may be referenced to determine whether a substitute for the current product type is available. (See specification page 8, lines 2-4.) A price and vintage for each product may then be loaded into tables that are later referenced when adding instances to a current inventory record being reconciled. (See specification page 6, lines 27-29.) Outlier values may be removed from the reference, and table operation may statistically determine the representative price and vintage for each product type. (See specification page 6, lines 24-25.)

In contrast, what the examiner considers to be AAPA, does not disclose the aforementioned recitations. For example, what the examiner considers to be AAPA states, because items in inventory are constantly in flux, inventory records must be frequently updated. (See specification page 1, line 16.) A periodic recount of inventory is performed and is compared to the inventory record to reconcile any changes in the inventory with a count of the inventory record. (See specification page 1, lines 18-20.)

Often, the comparison of the recount to the inventory record results in items being found that are not accounted for by the count of the inventory record. (See specification page 1, line 20.) This situation requires a write-on, or an instance of a product being added to the count of the inventory record. (See specification page 1, lines 22-23.) When a write-on occurs, a price and vintage must assigned to the one or more added instances to the count for the product. (See specification page 1, lines 24-25.) For products in inventory that are not serialized, there is no way to determine the actual price and vintage information. (See specification page 1, lines 25-26.) To address this situation, the conventional practice has been to arbitrarily assign a price and vintage for write-ons by searching an inventory record for the product to find the earliest vintage and assigning this earliest vintage to the write-ons. (See specification page 1, lines 26-29.) The AAPA does not disclose a system that determines substitute products based on a database and statistically calculates representative price and vintage.

In sum, what the Examiner considers to be AAPA, at least does not disclose “a second database containing tables defining allowable product substitutions for the plurality of product types” and “a table containing price and vintage records, the price and vintage table containing a representative price and a representative vintage for each of the plurality of product types, wherein the representative price and the representative vintage are statistically predetermined based on historical inventory records having outlier values for price and vintage removed,” as recited by amended Claim 11. Accordingly, independent Claim 11 patentably distinguishes the present invention over the cited art, and Applicants respectfully request withdrawal of this rejection of Claim 11.

Dependent Claims 13 and 22 are also allowable at least for the reasons described above regarding independent Claim 11, and by virtue of their dependency upon independent Claim 11. Accordingly, Applicants respectfully request withdrawal of this rejection of dependent Claims 13 and 22.

Amended Claim 16 is patentably distinguishable over the cited art for at least the reasons that it recites, for example “wherein the processing device is further configured to reduce the count of the current inventory record for the first product type by deleting a number of instances of the count for the first product type that are equal to the difference and that have an earliest vintage” and “wherein the processing device is further configured to reduce the count of the current inventory record for the first product type by the difference if the difference for the first product type indicates an excess in the count of the current inventory record for the first product type relative to the updated count for the first product and the first product is not interchangeable with the second product type”. Support for this amendment can be found in the specification at least on page 8, lines 28-page 9, line 1 and page 9, line 30 - page 10, line 3.

Consistent with embodiments of the invention, if a query operation detects that a current product type does not have a substitute, then an operational flow transitions to the query operation and detects whether a current inventory record for the current product type has an excess. If so, then the operational flow transitions directly to a remove operation where the excess number of instances may be written-off as discussed. (See page 9, line 30 – page 10, line 3.) If the query operation detects that no substitute for the current product type has a shortage, then a remove operation may delete or write-off the excess number of instances from the current inventory record for

the current product type. As discussed above, instances having the earliest vintage may be deleted, or some other systematic manner of removing instances may be used. (See page 8, line 28 – page 9, line 1.)

In contrast, what the examiner considers to be AAPA, does not disclose the aforementioned recitations. For example, what the examiner considers to be AAPA states, because items in inventory are constantly in flux, inventory records may be frequently updated. (See specification page 1, line 16.) A periodic recount of inventory may be performed and may be compared to the inventory record to reconcile any changes in the inventory with a count of the inventory record. (See specification page 1, lines 18-20.) The comparison of the recount to the inventory record may result in items being found that are not accounted for by the count of the inventory record. (See specification page 1, line 20.) This situation may require a write-on, or an instance of a product being added to the count of the inventory record. (See specification page 1, lines 22-23.) When a write-on occurs, a price and vintage may be assigned to the one or more added instances to the count for the product. (See specification page 1, lines 24-25.) For products in inventory that are not serialized, there may be no way to determine the actual price and vintage information. (See specification page 1, lines 25-26.) Also, inventory records are subject to keying errors during data entry, and the price and vintage values may often be incorrectly entered. Therefore, the earliest vintage and/or price that is arbitrarily assigned to a write-on may be a vintage or price that has been entered in error and additional inaccuracy results. (See specification page 2, lines 7-10.) In contrast with the claimed invention, what the examiner considers to be AAPA does not disclose, a system that may determine substitute products based on a

database and that may statistically calculate representative price and vintage when available or else may attempt to remove potential outliers that may have occurred due to errors.

In sum, what the Examiner considers to be AAPA, at least does not disclose a “processing device is further configured to reduce the count of the current inventory record for the first product type by the difference if the difference for the first product type indicates an excess in the count of the current inventory record for the first product type relative to the updated count for the first product and the first product is not interchangeable with the second product type” and “wherein the processing device is further configured to reduce the count of the current inventory record for the first product type by deleting a number of instances of the count for the first product type that are equal to the difference and that have an earliest vintage,” as recited by amended Claim 16. Accordingly, independent Claim 16 patentably distinguishes the present invention over the cited art, and Applicants respectfully request withdrawal of this rejection of Claim 16.

### III. New Claims

Claims 23-35 have been added to more distinctly define and to round out the protection for the invention to which Applicants are entitled. Applicants respectfully submit that these claims are allowable over the cited art and that they add no new matter.

#### IV. Conclusion

In view of the foregoing remarks, Applicants respectfully request the reconsideration and reexamination of this application and the timely allowance of the pending claims. The preceding arguments are based only on the arguments in the Office Action, and therefore do not address patentable aspects of the invention that were not addressed by the Examiner in the Office Action. The claims may include other elements that are not shown, taught, or suggested by the cited art. Accordingly, the preceding argument in favor of patentability is advanced without prejudice to other bases of patentability. Furthermore, the Office Action contains a number of statements reflecting characterizations of the related art and the claims. Regardless of whether any such statement is identified herein, Applicants decline to automatically subscribe to any statement or characterization in the Office Action.

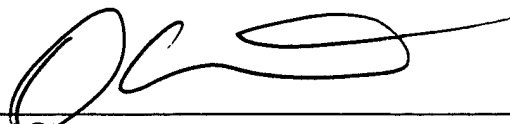
Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 13-2725.

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